

Finance and Administration Cabinet STANDARD PROCEDURE	Page 1 of 4
ISSUED BY: Department of Revenue – Tax Administration	
EFFECTIVE DATE:	
PROCEDURE: 6.11.5 (formerly KRC 11.7)	
SUBJECT: Field Audit Assignments	
Distribution Code(s):	Contact: Office of Field Operations (502) 564-2113 Station #9

I. INTRODUCTION

Field audit requests are received from various sections, branches, divisions, and offices within the Department of Revenue and normally involve sales and use tax, property tax, and corporation income and license tax, although there are a total of fourteen (14) different taxes which may be considered.

Each of these requests must have supervisory approval. All field audit requests, with the exception of post audit, are routed to the Audit Selection Section of Field Operations for review to determine if an audit assignment is justified. Approved field audit assignments are forwarded to the Field Operations Central Office for distribution to the taxpayer service centers.

All field audit assignments include Revenue Form 30A870, attached to front of the audit folder. This form is never removed from the folder.

A Field Audit Assignment System has been implemented to ensure that all the taxpayer service centers operate in a consistent manner.

II. PROCEDURE

The following procedures are to be used when assigning and completing field audits:

1. Assigning Field Audits – Division of Field Operations, Central Office:

- a. All proposed audit assignments generated by the Audit Selection Section, are reviewed by the Regional Manager prior to being data entered into the Field Audit Assignment System. Each review will include the following elements:
 - How complete is the file?
 - Are there related taxpayers and/or audits?
 - Is the audit assigned to the proper taxpayer service center, based on locality and inventory needs?
- b. Audit assignments, approved by the Regional Manager, are data entered into the Field Audit Assignment System.
- c. Audit assignments are forwarded to the assigned taxpayer service center by Wednesday of each week. Included in the mailing are all audit assignments, the Update Audit Assignment Disk, and the Audit Control Assignment list. The Update Audit Assignment Disk contains an electronic listing of all the assignments allocated to a particular taxpayer service center. The Audit Control Assignment

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List contains all the audits assigned to a particular taxpayer service center and this list must be verified against the audit assignment folders prior to mailing.

2. Assigning Audits – Taxpayer Service Centers:

- a. Once the folder of audit assignments is received by the taxpayer service center, the field audit assignment information is downloaded from the Update Audit Assignment Disk into the Field Audit Assignment System.
- b. Each new audit is recorded as part of the taxpayer service center's office inventory, including the date received.
- c. Each assignment folder is checked against the Audit Control Assignment List to ensure that no folder has been misplaced.
- d. After the disk completes its upload, it automatically uploads information from existing audits. The Update Audit Assignment Disk is then returned to the Division of Field Operations, Central Office, who in turn updates their files. Required information is automatically retrieved for the Division of Field Operations, Central Office without intervention at the taxpayer service center.
- e. Audit assignments received from the Division of Field Operations, Central Office are reviewed and assigned to Revenue Field Auditors by the Audit Supervisor(s).
- f. Assigned audits are considered part of each individual auditor's inventory and the Audit Supervisor(s) are responsible for updating each auditor's inventory listing.
- g. An employee with the taxpayer service center records the audit assignments into the Field Audit Assignment System.

3. Completed Audit Assignments – Taxpayer Service Centers:

- a. The Revenue Auditor Supervisor at the taxpayer service center reviews the completed audit for theoretical and/or mathematical accuracy.
- b. Audit hours for each auditor are listed on the Audit Report (Revenue Form 31A106) and verified using the Time Control component of the Field Audit Assignment System.
- c. The Field Audit Assignment System is updated with the result of the audit.
- d. The following information is forwarded to the Division of Field Operations, Central Office:
 - The audit assignment, along with the accompanying Revenue Form 30A870, still attached to the folder.
 - Appropriate forms, reports, work papers, etc.

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- The Audit Control Assignment List, which will be used to verify the number of audit assignments received from the taxpayer service center.

4. Completed Audit Assignments– Division of Field Operations, Central Office:

- Assignment completion information is entered into the Field Audit Assignment System
- All completed audit assignments are forwarded to the Division of Protest Resolution for reviewing billing and/or refund. Resolution, along with a copy of Revenue Form 31A870, a Special Handling Notice (Revenue Form 31A148), and an Estimate/Jeopardy Assessment Request (Revenue Form 31A110).
- Any cancelled audit assignments are forwarded to the Regional Manager, supervising the Audit Selection Section, for review.

5. Transferring Audit Assignments from one Taxpayer Service Center to Another:

- The originating taxpayer service center records the audit assignment as a cancellation and returns the assignment to the Division of Field Operations, Central Office. An Audit Control Assignment List is included with the returned assignment.
- Once the Division of Field Operations, Central Office receives the cancelled assignment, the assigned taxpayer service center is changed on the Field Audit Assignment System and the assignment, along with the Update Audit Assignment Disk, and the Audit Control Assignment list are forwarded to the new taxpayer service center.

III. REFERENCE

7. Forms – 6.11.5 - Field Assignment Form

IV. FORMS

7. Forms - Revenue Form 31A106 – Audit Report
7. Forms - Revenue Form 31A148 – Special Handling Notice
7. Forms - Revenue Form 31A110 – Estimate/Jeopardy Assessment Request

NO STANDARD PROCEDURE MAY BE REVISED BY ADDENDUM, MEMORANDUM OR ANY OTHER MEANS OTHER THAN THOSE SET OUT IN STANDARD PROCEDURE #1.1 ENTITLED “CREATION, REVISION AND RESCISSION OF FINANCE AND ADMINISTRATION CABINET POLICIES AND PROCEDURES”

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